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Supreme Court of the United States.

OCTOBER TERM, 1931.

No. 332.

J. HOWARD LEMAN, ADMINISTRATOR C.T.A. OF THE ESTATE OF GEORGE E. BELCHER, AND GEORGE E. BELCHER COMPANY, *Petitioners*,

v.

KRENTLER-ARNOLD HINGE LAST COMPANY, *Respondent.*

ON CERTIORARI.

BRIEF FOR RESPONDENT.

ROBERT CUSHMAN,
OTTO F. BARTHEL,
PETER R. POCOCK,
Specially for Respondent,
KRENTLER-ARNOLD HINGE LAST COMPANY.

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Opinions of the Courts Below.

Krentler-Arnold Hinge Last Co. v. *Belcher,* 300 Fed. 834. (District Court's decision in the main case.)

Krentler-Arnold Hinge Last Co. v. *Leman et al.,* 13 Fed. (2d) 796.

(Court of Appeals' decision in the main case.)

Krentler-Arnold Hinge Last Co. v. *Leman et al.,* 24 Fed. (2d) 423.

(District Court's decision on the accounting in the main case.)

Krentler-Arnold Hinge Last Co. v. *Leman et al.*, 50 Fed. (2d) 699; on Rehearing, 707.

(Court of Appeals' decision in the contempt proceeding.)

Summary of Argument.

JURISDICTION.

1.

The District Court of Massachusetts has no jurisdiction over the respondent in these contempt proceedings.

The respondent is a Michigan corporation, having no place of business and no property in the District of Massachusetts. The respondent was plaintiff in the main suit for infringement brought against present petitioners in the District of Massachusetts. The defendants (present petitioners) counterclaimed on a patent owned by them, and prevailed. The decision of the District Court was affirmed on appeal and an injunction issued. After the appeal and accounting a final decree was entered in *March, 1928.* This finally terminated the case and the controversy, and terminated the jurisdiction of the court both over the case and over the present respondent, the non-resident complainant in the suit and defendant to the counterclaim.

The contempt proceeding was begun fifteen months later, *June 4, 1929.* As the main infringement suit was no longer pending, but was finally terminated and closed, the contempt proceeding was necessarily a new and original suit, and could not be maintained without due service of process or voluntary appearance. There was no service of process, and the only appearance was a special appearance to contest the court's jurisdiction.

2.

The District Court of Massachusetts has no jurisdiction to enforce the decree in the main infringement suit by writ of injunction and contempt.

Process from a District Court does not run out of the district. As neither the person nor property of the non-resident respondent is within the jurisdiction or control of the Massachusetts District Court, that court has no power to enforce the decree. An injunction operates only against the person of the party enjoined. The injunction was ineffective, and any contempt proceedings, therefore, based on the injunction, are ineffective and invalid.

The District Court had jurisdiction to adjudicate the rights of the parties in the controversy, but not to enforce the decree, because the person of the respondent was beyond the jurisdiction of the court. The decree can be enforced only by making it the decree of a court having jurisdiction of the person of the respondent, *i.e.*, the court at the respondent's domicile.

Profits.

Profits made by an infringer by using the patented invention are not recoverable in an action for contempt.

Profits of patent infringement can be recovered only in equity and only as an incident to other equitable relief. No suit lies for a naked accounting of profits.

A contempt proceeding is not a suit in equity. It is *sui generis*, and in its nature it is partly criminal, partly civil, partly legal and partly equitable. Nor does a contempt proceeding seek equitable relief to which a discovery of profits is incidental; but only punishment for disobedience of the relief (injunction) already obtained.

The only judgment which a Federal court can enter in a contempt case is punishment by fine or imprisonment.

A contempt proceeding is penal, and therefore a discovery of profits from the party sought to be charged with a penal liability (Fifth Amendment to the Constitution) is not appropriate to a contempt proceeding.

By the overwhelming weight of authority a remedial fine payable to a plaintiff for disobedience of an injunction is

limited to the pecuniary injury caused by the act of disobedience.

Reasonable Royalty.

The petitioners' claim to damages on the basis of reasonable royalty is for the first time advanced in this Court.

No proof of reasonable royalty was introduced below, and no claim was asserted to reasonable royalty before the District Court or the Master or the Court of Appeals.

Petitioners elected to proceed for profits and waived all claim to recovery on the basis of reasonable royalty or on any other ground (excepting the expense of prosecuting the contempt case, which is not here in controversy).

The Court of Appeals made no decision, and was required to make no decision, on reasonable royalty, but only a *dictum*. Hence there is no decision to be reviewed on this subject. Moreover, the *dictum* is entirely in accord with the principles laid down on the subject of reasonable royalty by this Court.

Even if the question of reasonable royalty were open for decision in this Court, which it is not, reasonable royalty is not a proper measure of a fine for contempt, since (1) it does not represent any actual pecuniary loss of the petitioners, and (2) it involves a discovery from the respondent in a penal action of the number of infringing articles sold, as a basis for assessing the penalty.

Part I.

Jurisdiction.

The first and fundamental point raised by the respondent is that the District Court had no jurisdiction over the respondent in this contempt case, and consequently the judgment is a nullity.

The jurisdiction of the lower court is always open to review whether or not it is expressly raised by petition for

certiorari or other proceedings through which the case is brought up.

Mansfield, Coldwater & Lake Michigan Railway Co. v. *Swan*, 111 U.S. 379.
Chicago, Burlington & Quincy Railway Co. v. *Willard*, 220 U.S. 413.

The entire record is before this Court, from which it appears that the lack of jurisdiction of the lower court was raised at the outset by special appearance and motion to dismiss (Record, pp. 78 and 79) and has been persisted in throughout the proceedings.

1.

The Krentler-Arnold Hinge Last Company, respondent in these contempt proceedings, is a Michigan corporation, and an inhabitant and citizen of the State of Michigan, having its place of busiess in Detroit, Michigan. It has no office or place of business in the District of Massachusetts, no property in said district and no officer or director resident in said district. It has committed no acts of infringement in the District of Massachusetts.

The former suit of *Krentler-Arnold Hinge Last Co.* v. *Leman, Adm. c.t.a., and George E. Belcher Co.*, Equity No. 1853, was commenced in the District Court on September 12, 1923, by the present respondent for infringement of patents owned by it. The defendants (present petitioners) counterclaimed on the Peterson patent 1,195,266, and prevailed. The decree of the District Court was affirmed by the Court of Appeals. Injunction issued November 26, 1926. An accounting was taken and resulted in a finding of $28,901.98 against the Krentler-Arnold Company, and execution was returned fully satisfied (Record, pp. 1, 2).

FINAL DECREE WAS ENTERED MARCH 1, 1928 (Record, p. 2). The original suit is reported in 300 Fed. 834 (District Court) and 13 Fed. (2d) 796 (Court of Appeals).

After the decision of infringement in the original case the respondent invented the new "sliding link" hinge here complained of, and placed it on the market in good faith in reliance on the opinion of counsel that it did not infringe the Peterson patent (Record, pp. 85, 102).

Upon the entry of final decree in the former suit (or at any rate upon the expiration of the term at which the final decree was entered), that suit was terminated and finally closed, and the parties were forever discharged from further attendance on any proceedings in that suit.

The present petition for contempt (reported in 50 Fed. (2d) 699, and, on rehearing, 707) was filed *June 4, 1929*, fifteen months after the entry of the final decree in the former suit, and an order to show cause was issued. The only service of the order was by—

(1) The delivery of copies by petitioners' attorney to James R. Hodder, Esq., attorney of record for the Krentler-Arnold Company in the former suit;

(2) The mailing of copies by registered mail to the Krentler-Arnold Company at its office in Detroit, Michigan;

(3) The mailing of copies by registered mail to one Fred Drew, at Brockton, Massachusetts, on the erroneous assumption that Fred Drew was a director of the Krentler-Arnold Company. Fred Drew had once been a director, but had ceased to be a director long before the present proceedings were begun (Record, p. 79).

It is respondent's contention that, after the former suit was terminated and finally closed by final decree entered after appeal and upon mandate of the Circuit Court of Appeals, no further proceedings of any nature in that suit were possible; and that the present petition for contempt, filed fifteen months after final decree in the former suit, is a new and original suit which cannot be maintained against a

non-resident defendant without due process of law. Due process of law in a suit *in personam* requires that process must be served on the defendant, or the defendant must voluntarily appear, in order to confer jurisdiction over the defendant.

Pennoyer v. *Neff*, 95 U.S. 714.
Toland v. *Sprague*, 12 Pet. 300.
Chaffee v. *Hayward*, 20 How. 208.
Goldey v. *Morning News*, 156 U.S. 518.
Munter v. *Weil Co.*, 261 U.S. 276.
Robertson v. *Labor Board*, 268 U.S. 619, at 622.

The District Court of Massachusetts clearly had no original jurisdiction over the defendant, a Michigan corporation, and therefore a resident of Michigan, having its only place of business in Detroit, Michigan; and there was no pretense of service of process, but only notice by registered mail, and notice to Mr. Hodder, the attorney of record in the former case, whose agency had not only been in fact terminated (Record, p. 80), but had terminated as matter of law upon the entry of the final decree.

Kamm v. *Stark*, 1 Sawyer (U.S.C.C.), 547.
Smith v. *Norfolk*, 115 U.S. 143.

The point here raised is believed to be one of first impression as applied to a contempt case, but the principle involved is not new. It turns on the question whether the present contempt petition is a new and original proceeding, in which case jurisdiction of the parties and service of process are necessary as in any original suit, or is a mere motion in a pending suit (the old suit), in which case the respondent would, in contemplation of law, still be in court. On the latter theory he would be forever in court in the case of a perpetual injunction.

If the old suit was finally terminated and closed, we see no alternative but to hold that the present petition is a new and original suit.

The Supreme Court has ruled on the effect of termination of a suit by final decree or judgment in a number of cases.

In *Brooks* v. *Railroad Co.*, 102 U.S. 107, a petition for rehearing after judgment was denied. The Court held that such petition "cannot be filed except at the term in which the judgment was rendered"; and further that—

> "At the end of the term, *the parties are discharged from further attendance on all cases decided, and we have no power to bring them back.*"

In *Bronson* v. *Schulten,* 104 U.S. 410, at 415, the Court said:

> "It is a general rule of the law that all the judgments, decrees, or other orders of the courts, however conclusive in their character, are under the control of the court which pronounces them during the term at which they are rendered or entered of record, and they may then be set aside, vacated, modified or annulled by the court.
>
> "But it is a rule equally well established, that after the term has ended all final judgments and decrees of the court pass beyond its control, unless steps be taken during that term, by motion or otherwise, to set aside, modify, or correct them; and if errors exist, they can only be corrected by such proceeding by a writ of error or appeal as may be allowed in a court which, by law, can review the decision. So strongly has this principle been upheld by this court, that while realizing that there is no court which can review its decisions, it has invariably refused all applications for rehearing made after the adjournment of the court for the term at which

the judgment was rendered. And this is placed upon the ground that *the case has passed beyond the control of the court. Brooks* v. *Railroad Company,* 102 U.S. 107."

Brooks v. *Railroad* was apparently an equity suit, as it came up on "appeal" in a suit to foreclose a mortgage (see 101 U.S. 443), which was presumably a suit in equity.

Bronson v. *Schulten* was apparently an action at law.

If it be said that, since a court of equity is always sitting, it has no terms in the sense that courts of law have terms, it may be answered that in fact the United States courts do recognize terms in equity for the purpose under discussion.

Roemer v. *Simon,* 91 U.S. 149, was a bill in equity for infringement of a patent, praying for an injunction. After final decree and after expiration of the term (March term, 1874) at which the decree was entered, a motion was made to set aside the decree and grant a rehearing. The Supreme Court, denying the motion, said:

> "The court below cannot grant a rehearing after the term at which final decree was rendered. It would be useless to remand this cause, therefore, as the term at which the decree was rendered has passed."

Also Federal Equity Rule 69 recognizes terms by providing that "No rehearing shall be granted after the term at which the final decree of the court shall have been entered and recorded . . ."

Moreover, in our experience all records, etc., in equity cases in the Federal courts are endorsed under some term. The present case was endorsed "October Term, 1930." Term fees are also charged in costs.

But we submit that whether or not equity courts have "terms" in the same sense as courts of law, implying an adjournment of the court, is immaterial. Equity courts do

recognize terms at least to the extent that the end of the term at which a final decree is entered marks the time when the case is no longer pending, but is closed, so that it cannot be reopened to insert additional proceedings or for any other purpose; it marks the time when "the case has passed beyond the control of the court" and "the parties are discharged from further attendance on all cases decided, and we have no power to bring them back" (*Brooks* v. *Railroad,* and *Bronson* v. *Schulten, supra*).

There obviously must be a time, some time, when an equity case is definitely and finally closed and is no longer pending; and it matters little for the present purpose whether that time is the time of the entry of the final decree or the expiration of the term at which final decree was entered. In the present case both events occurred more than a year before this contempt petition was begun.

Additional authorities to the effect that after a suit is finally terminated any further proceedings growing out of the old suit is necessarily a new and original suit are as follows:

Wetmore v. *Karrick,* 205 U.S. 141: Valid personal service had been obtained upon a non-resident defendant in Massachusetts, and eventually judgment was rendered in favor of the defendant by the Massachusetts Superior Court. This terminated the case. At a subsequent term, without further service on the non-resident defendant, this judgment was set aside and a new judgment was rendered in favor of the plaintiff. The plaintiff then sued the defendant in the District of Columbia (his residence) on the Massachusetts judgment. The Supreme Court, holding the judgment to be void, said (at page 160):

> "To sanction a proceeding, rendering a new judgment without notice at a subsequent term, and hold that it is a judgment rendered with jurisdiction, and binding when set up elsewhere, would be to violate the funda-

mental principles of due process of law as we understand them, and do violence to that requirement of every system of enlightened jurisprudence which judges after it hears and condemns only after a party has had an opportunity to present his defense. By the amendment and new judgment the proceedings are given an effect against the defendant in error which they did not have when he was discharged from them by the judgment of dismissal. *By the judgment of dismissal the court lost jurisdiction of the cause and of the person of the defendant. A new judgment in personam could not be rendered against the defendant until by voluntary appearance or due service of process the court had again acquired jurisdiction over him.*"

Grames v. *Hawley*, 50 Fed. 319: The defendant, a citizen of Kansas, while temporarily in New York, was sued for damages. He retained one W. W. Oxx as attorney and a compromise was made and the suit dismissed. The defendant thereupon returned to Kansas. After the close of the term at which the order of dismissal was entered plaintiff filed a motion to set it aside on the ground that it had been procured by fraud. Notice of said motion was served upon Oxx as attorney for defendant, but he refused to appear. The court sustained the motion and entered judgment, whereupon the plaintiff brought this suit on said judgment in Kansas. The Court held:

"What we are now to consider is whether the New York court had jurisdiction of the defendant for the purpose of trying the question of fraud. And the rule governing the decision of this question of jurisdiction is that at the end of the term at which there is a final disposition of the case (final in the sense that, if not appealed from, it ends the controversy) the parties are dismissed *sine die*. If they are citizens of foreign states

they may safely depart for their homes. If they had employed an attorney they may then discharge him with the assurance that the controversy is at an end and can be renewed only by proceedings in the nature of error or appeal and that, except in the event of such proceedings, no valid service of process can be made upon the attorney. Such is the doctrine recognized by the Federal Courts, and it has peculiar force in all cases where parties are compelled to litigate in foreign tribunals. There is no presumption of law that the relation of attorney and client continues after the termination of the litigation, and after the final adjournment of the term at which a final judgment is rendered. And it is but fair and reasonable—especially in cases like the present—to hold that a party who relies upon service made upon an attorney after final judgment and after the end of the term (unless it be service of a citation or other process in the nature of error or appeal) must take the chances of showing that at the time of such service the relation actually existed. . . .

"I am also of the opinion that, even if, after the term, it had been competent for the court, upon motion, to set aside the order of discontinuance, notice to the former attorney of defendant was not notice to him. The relation of attorney and client had long been ended, so far as it was possible for the parties to end it. It was possible for them to end it for all purposes except the service of such process as was necessary to the exercise of the appellate jurisdiction of the courts of the state of New York. A motion to set aside a judgment for fraud after the term has in it all the elements of a bill in chancery. It is in its nature an original proceeding. It is not a part of the original suit, and therefore service upon the defendant is necessary. As the court which rendered the judgment had no juris-

diction, its proceedings are without force or validity, and the question is properly raised here.

"Judgment for defendant for costs."

United States et al. v. *Trogler*, 237 Fed. 181, at page 184:

"It is elementary that after a final decree is entered in a cause and the term has adjourned the parties are *dismissed from the Court*, the defendant is not called upon to pay any further heed to the litigation, *the Court has no jurisdiction over him* to modify its decree; that arises out of the fact that *its process has ceased to be effective. The defendants are out of Court and the Court can not act in their absence upon rights established by the decree.*"

United States et al. v. *Trogler* was a suit in equity.

Now, if, as we contend, the former suit was finally closed and the defendants were "dismissed from the Court" and the court had "no power to bring them back," it follows that the present petition is necessarily a new and original suit, and not part of a pending suit. There was no pending suit. This being so, there is the end of the case, because the defendant is a non-resident and has not been and cannot be served with process. It is elementary that a foreign defendant cannot be forced to answer to a suit *in personam* in a forum which has no jurisdiction of the person of the defendant and which cannot serve him with process; and any personal judgment in such suit is void.

Pennoyer v. *Neff*, 95 U.S. 714.

An original contempt suit stands on no different basis in this respect from any other original suit; indeed, a contempt suit is more emphatically a suit *in personam* than any other,

since the only remedy for contempt is fine or imprisonment, which in its very essence is directed against the person.

Diligent search has failed to disclose any case in which a respondent over whose person the court had no jurisdiction and on whom no process could be served has been summoned in to answer to contempt proceedings after the original suit had been *finally terminated,* in the sense that it ended the controversy, and that no further order or judgment could be entered by the court in that suit.

Many cases can be found, and may doubtless be relied on by the petitioners, approving the practice adopted in the present case (notice by mail and by service on the attorney of record) while the original suit was still pending; but that was because the motion for contempt was actually and properly brought in the pending case, and the respondent was actually or in contemplation of law in court and still subject to the jurisdiction of the court so long as the case was pending, and the authority of the attorney of record continued until the termination of the case.

In no case cited by the Court of Appeals (50 Fed. (2d) 699), in sustaining the jurisdiction of the District Court of Massachusetts over this respondent, was the respondent summoned in by informal notice to an attorney, or by mail, excepting *in a pending case before final termination.*

In *Gompers* v. *Bucks Stove & Range Co.,* 221 U.S. 418, the contempt proceeding was begun and heard pending appeal.

In *Merrimack River Savings Bank* v. *Clay Center,* 219 U.S. 527, the contempt proceeding was also begun and heard pending appeal.

No case can be said to be finally terminated, in the sense that the parties are dismissed from the court, and that the court has lost jurisdiction of the parties and the cause (*Wetmore* v. *Karrick, supra*), while the case is pending on appeal.

In *Pitt* v. *Davison,* 37 N.Y. 235, the procedure followed was prescribed by the New York Code. A decision in a code state is no authority on the question of Federal jurisdiction.

The foregoing were the only authorities cited on the question of jurisdiction by the Court of Appeals. None of them is in point.

Nor are the cases cited in the court below by the petitioners any more in point.

In—

Hendryx v. *Fitzpatrick*, 19 Fed. 810;
Matter of Christensen Engineering Co., 194 U.S. 458;
Electro-Bleaching Gas Co. v. *Paradon Engineering Co.*, 15 Fed. (2d) 854;
Worden v. *Searls*, 121 U.S. 14—

the contempt was for violation of a preliminary injunction while the main case was still pending.

The respondent is not contending that a court, having once obtained jurisdiction over the parties, does not retain jurisdiction so long as the case is pending; but merely that after *final termination* of the case the court has lost jurisdiction of the person of the defendant, and cannot again acquire jurisdiction over him for the purpose of entering a new judgment of contempt or otherwise except by due service of process or by voluntary appearance. *Wetmore* v. *Karrick, supra.* The reason for this is that, when the court has dismissed the defendant from the court by judgment which is final—absolutely—its process has ceased to be effective. *United States* v. *Trogler*, 237 Fed. 181.

When the case was finally terminated the authority of the attorney of record also terminated; and as the respondent was no longer in court, he could not again be brought into court to answer new proceedings except by valid service of valid process as in any other case. Notice by mail was not service of process. Notice to Mr. Hodder as attorney of record in the old case was a nullity. The agency of an attorney for his client ends with the termination of the case,

excepting, perhaps, for the purpose of execution and acknowledging satisfaction, and upon satisfaction of execution (as in the present case) it ceases absolutely, and after that service may not be made on the attorney.

Kamm v. *Stark*, 1 Sawyer (U.S.C.C.) 547.

2.

But quite apart from the point that the jurisdiction of the District Court over the respondent and over the case ceased at the final termination of the case, so that the later contempt action was a new and original proceeding which required due service of process as in any other original suit in order to bring the respondent back into court, it is submitted that there is another reason why the decree in the former suit cannot be enforced by writ of injunction, namely, that the writ of a District Court does not run out of the district, and as neither the person nor property of the respondent is within the district, the court is powerless to enforce it.

Although the respondent, a foreign corporation, by filing its bill (in the original suit of 1923) for patent infringement in the Massachusetts District, may have submitted itself to the jurisdiction of the Massachusetts District Court for the purposes of that suit, including any proper counterclaim under Equity Rule 30, such voluntary submission did not bring the respondent within the jurisdiction of the court for any and every purpose, but only for the purpose of an adjudication of the issues presented by that suit. The respondent's constructive presence within the jurisdiction of the court was a temporary and transitory presence only while the suit was pending and only for the purpose of adjudicating the rights of the parties in that suit. It certainly did not bring the non-resident respondent actually within the power of the court so that the court might act

directly against the respondent *in personam* for the enforcement of the decree.

There is a vast difference between *jurisdiction to adjudicate a controversy,* acquired over a non-resident party litigant by voluntary submission to jurisdiction through general appearance of counsel, and *jurisdiction to enforce a decree beyond the territorial jurisdiction of the court* by writ of injunction or other process which requires actual jurisdiction of and power over the person of the party litigant.

Jurisdiction to decide the controversy makes the judgment rendered conclusive on the merits of the claim litigated, but it does not carry power to enforce the judgment beyond the territorial jurisdiction of the court. It can only be enforced in the forum of defendant's domicile, *i.e.,* by a court having jurisdiction of the person or property of the defendant.

Fall v. *Eastin,* 215 U.S. 1:

The Court said in that case, at page 12:

> "This provision [full faith and credit] does not extend the jurisdiction of the courts of one State to property situated in another, but *only makes the judgment rendered conclusive on the merits of the claim or subject matter of the suit. 'It does not carry with it into another State the efficacy of a judgment upon property or persons* to be enforced by execution. To give it the force of a judgment in another State, it must become a judgment there; and can only be executed in the latter as its laws permit'. *M'Elmoyle* v. *Cohen,* 13 Pet. 312."

This powerlessness of a court to enforce process outside of its jurisdiction has been recognized by the courts as the reason for the invalidity of a writ of injunction against a non-resident.

American School-Furniture Co. v. *J. M. Sauder Co.*, 106 Fed. 731: Suit for infringement of patent. On motion by defendant for restraining order. Bill of complaint filed by a New Jersey corporation in the Eastern District of Pennsylvania. Defendant asked for an order against complainant restraining other suits brought in other Federal courts by the same complainant against the same defendant. The Court did not pass on the merits of the motion, but declined to grant the restraining order on the ground that it had no power to enforce it, saying, at page 732:

> "I am clear that it ought not to be made in the present case. *The reason that controls my judgment is that the order could not be enforced, and I think a judge should not make an order to which he can not compel obedience. This Court has no jurisdiction over the person of the complainant's officers or agents, or over the corporate property. The complainant is here merely as a party litigant and nothing more could be done, therefore, towards making a restraining order effective, than to stay the suit that has been brought in this District, or to dismiss the bill, if the complainant should refuse to obey.*"

Averill v. *Southern Railway Co.*, 75 Fed. 736: Suit by the receiver of Port Royal & Augusta Railway Company for an injunction against the Southern Railway Company and other railway corporations to prohibit rate cutting; filed in the United States District Court of South Carolina. Certain of the defendant corporations were inhabitants of other states.

After commenting on the citizenship of the defendant corporations the Court says, at page 740:

> "A fortiori, they cannot be affected by an order or writ of injunction which this Court may issue, as *such writ or order operates only on the person and the person must be within the jurisdiction.*" Injunction denied.

The power of a court of equity to enforce an injunction is predicated entirely upon either the presence of the party enjoined within the territorial jurisdiction of the court or the presence of property of said party within the territorial jurisdiction of the court.

The jurisdiction of the Federal District Courts is confined to the territorial limits of the districts, respectively, and civil process from a District Court does not run beyond the district.

Toland v. *Sprague*, 12 Pet. 300, 328:

"The Judiciary Act has divided the United States into judicial districts. Within these districts a circuit court is required to be holden. The circuit court of each district sits within and for that district, and is bounded by its local limits. Whatever may be the extent of their jurisdiction over the subject matter of suits, in respect to persons and property, it can only be exercised within the limits of the district. Congress might have authorized civil process from any circuit court to have run into any State of the Union. It has not done so. It has not, in terms, authorized any original civil process to run into any other district, with the single exception of subpoenas for witnesses, within a limited distance. In regard to final process, there are two cases, and two only, in which writs of execution can now by law be served in any other district than that in which the judgment was rendered—one in favor of private persons in another district of the same State and the other in favor of the United States, in any part of the United States. We think that the opinion of the Legislature is thus manifested to be that *the process of a circuit court can not be served without the district in which it is established* without the special authority of law therefor."

United States v. *Morris*, 10 Wheat. 246, 281.
Watts v. *Waddle*, 6 Pet. 389.

The doctrine applies to all kinds of writs.

An example of a writ of execution is found in *United States* v. *Morris,* 10 Wheat. 246, 281, where the Court said:

> "To guard, however, against an inference, not intended by the court to be admitted, that the execution, in this case, was properly issued from the District Court of Maine to the marshal of New York, it is proper to observe that this must depend on the construction to be given to the act of Congress of the 3d of March, 1797, entitled, 'An act to provide more effectually for the settlement of accounts between the United States and the receivers of public money.' *Independent of this act, it has not, and certainly cannot be pretended, that an execution from the District Court of Maine could run into any other State.*"

An example of a writ of arrest and imprisonment in a contempt case is found in *Mitchell, U.S. Marshal,* v. *Dexter,* 244 Fed. 926, where it was held that process for arrest and imprisonment for contempt does not run beyond the territorial jurisdiction of the court. In that case the District Court for the District of Wisconsin had found Dexter, a resident of Massachusetts, guilty of contempt for violating an injunction against patent infringement. The Wisconsin court issued a writ, directed to the United States Marshal for the District of Massachusetts, to arrest Dexter. The Marshal executed the writ in Massachusetts and took Dexter into custody. *Held,* on *habeas corpus,* that process for arrest from the Wisconsin court did not run beyond its territorial jurisdiction. The prisoner was discharged.

Nor can the Massachusetts court enforce the payment of a fine. The usual method of enforcing a fine is by an order that the respondent stand committed until it is paid. This does not apply to a non-resident defendant. *Mitchell* v. *Dexter, supra.* Nor can the fine be enforced by sequestra-

tion of the defendant's property under Equity Rule 7 or by execution under Equity Rule 8, since the respondent has no property in the District of Massachusetts.

A writ of injunction operates only against the person of the party enjoined, and only against a party within the power of the court.

Fall v. *Eastin*, 215 U.S. 1.

Of all the equitable remedies the injunction is "the remedy which, above all others, necessarily operates *in personam.*"

Pomeroy, Equity Jurisprudence (3d ed.), vol. 4, sec. 1360.

Since the respondent was not within the territorial jurisdiction of the court, the court was powerless to enforce the writ of injunction, and the writ should not have been issued. It has no force or validity. It was an idle and nugatory act to issue the writ, because nothing more could be done under it. The right of a court to issue a writ of injunction depends upon the right to enforce it; and the right to enforce it depends upon jurisdiction over the person of the respondent.

It is submitted that the power of the Massachusetts District Court to deal with this respondent was exhausted when final decree was entered adjudicating the rights of the parties involved in the suit. Nothing further could be done by the Massachusetts court in the way of enforcing the decree, since the respondent was beyond the jurisdiction and power of the court. Enforcement of the decree adjudicating the rights of the parties could be had only in a forum having jurisdiction of the person of the respondent, namely, the court in Michigan, where the respondent is domiciled, and where the court could adopt and enter the decree as its own and enforce it by injunction.

Fall v. *Eastin*, 215 U.S. 1—

Quoting from *Wisconsin* v. *Pelican Insurance Company of New Orleans,* 127 U.S. 265, 292; 32 L. ed. 239, 244:

> "A judgment recovered in one State, as was said by Mr. Justice Wayne, delivering an earlier judgment of this court, 'does not carry with it, into another State, the efficacy of a judgment upon property or persons, to be enforced by execution. *To give it the force of a judgment in another State, it must be made a judgment there; and can only be executed in the latter as its laws may permit'. McElmoyle* v. *Cohen,* 13 Pet. 312, 325."

It follows from the foregoing that the process of injunction issued against this non-resident respondent was futile and invalid; and that any contempt proceeding based thereon is also invalid.

Part II.

Profits Not Recoverable in a Contempt Proceeding.

If the respondent's contention that the lower court had no jurisdiction over the respondent in this contempt proceeding, and consequently no power to render any decree at all against the respondent, or that the court had no power to enforce the decree in the main suit against a non-resident, is sustained, then that is the end of the case.

But in the event that this Court should sustain the jurisdiction of the lower court over this non-resident respondent, who was not and could not be served with process, then it becomes necessary to discuss whether the United States Circuit Court of Appeals was right in holding that the petitioners cannot recover respondent's profits for patent infringement in a contempt proceeding.

There is a collateral or alternative point, touching the amount of the fine, put forward by the petitioners, which may be briefly disposed of first, before discussing the recovery of profits as such. The suggestion seems to run

through the petitioners' brief that they are not only entitled as of legal right to the total award imposed by the District Court (approximately $50,000), but that, independently of a legal right to profits, a fine of that amount is justified as a deterrent to further disobedience. This is based on innuendoes in petitioners' brief to the effect that the respondent has been guilty of wilful or reckless disregard of the court's order, which calls for exemplary punishment.

The fact is that this is not a case of wanton contempt, but of purely technical contempt.

An examination of the facts will show that there is no foundation whatever for a charge of wilfulness or recklessness, but that, on the contrary, the respondent at all times acted with entire respect for the court's order, promptly discontinued the structure held to be an infringement, and took every precaution that a reasonable and prudent man could take to comply with the order.

The decision of the District Court finding infringement in the main case was rendered July 24, 1924. The injunction did not issue until November 26, 1926, after the appeal. Pending the appeal, and more than a year before the injunction (Record, p. 84), the respondent discontinued the structure held to be an infringement and has never since manufactured it or anything colorably like it. The respondent went back to its ancient form of so-called "B B" last-hinge (described Record, p. 164), and continued with that for some time. In the summer of 1927 respondent invented the new "sliding link" hinge herein complained of, submitted it to counsel to find out if it would violate the injunction, and was advised that it would not (Record, pp. 85, 101-102, 248). Counsel's opinion was to the effect that the new "sliding link" hinge was so radically different from the enjoined hinge that an interpretation of the patent broad enough to include the new hinge would render the patent invalid in view of the prior art, and would also be beyond the

scope of the patent as already interpreted by the Court of Appeals (Record, pp. 101 *et seq.*). In seeking legal advice the respondent consulted counsel who had not participated in the suit in order to get an independent and unbiased opinion for his guidance (Record, p. 85). After getting this legal advice the respondent in September, 1927, filed its patent application for the new "sliding link" hinge and added it to its commercial products.

Subsequent events lend some confirmation at least to counsel's opinion that the new hinge does not infringe the petitioners' patent. The Patent Office found the new hinge patentably different and granted the respondent a patent for it (No. 1,786,540, copies of which are before the Court, but not bound in the record); and Judge Anderson in his dissenting opinion (Record, p. 307) evidently doubted whether the new hinge was an infringement, saying, "This new device, at least in appearance, is very different from the Peterson concept," and that the new question of infringement "seems to be a fairly arguable question." It is to be noted that in the majority opinion of the Court of Appeals in the contempt case (Record, p. 296) the Court declined to consider the scope of the Peterson patent as applied to this totally new and different infringement question, on the ground that the validity and scope of the patent had been adjudicated in the main case. It is true that the validity had been adjudicated, but the only adjudication of scope was that the patent was broad enough to include the former infringement. The Court had not decided and had not been called upon to decide that the patent could be still further broadened out to include the very different new structure. The respondent still maintains that, if it can ever have a trial on that question, it can establish that the new "sliding link" hinge is outside of the scope of the Peterson patent.

While advice of counsel obtained in good faith to avoid disobedience of an injunction is no defense to contempt, if the advice turns out to be erroneous, it certainly negatives

any wilful or reckless disregard of the court's order. The entire conduct of the respondent with relation to the lower court, briefly outlined above, disposes of the petitioners' suggestion that a fine of $50,000 (approximately) is necessary as a punitive or exemplary or deterrent measure. Nor is there any foundation whatever for the District Court's characterization of the respondent's conduct quoted on page 35 of petitioners' brief. The respondent has never disobeyed any order of the court, unless it be the injunction; there have been no other orders made which could be disobeyed. We are at a loss to understand what incensed the District Court and brought forth that groundless statement unless it was that the respondent resisted the jurisdiction of the court in the contempt proceeding, which it had a perfect legal right to do.

1. The Situation.

The final decree of the District Court in the contempt proceedings (Record, pp. 282, 283, 284), omitting the formal parts, reads as follows:

> "it is ordered, adjudged and decreed:
>
> "That the Krentler-Arnold Hinge Last Company is guilty of civil contempt of court for deliberate violation of the injunction heretofore issued by selling a link known as a sliding link;
>
> "That the petitioners are entitled as remedial relief upon the civil aspect of these contempt proceedings to an award of the profits made by the Krentler-Arnold Hinge Last Company by reason of the acts found to be in violation of the injunction;
>
> "That the petitioners are further entitled to a sum to be paid by the Krentler-Arnold Hinge Last Company to petitioners, sufficient to compensate them for their expenses in these contempt proceedings, including the

usual costs, and in addition thereto the expenses incurred in preparation and prosecution of these contempt proceedings, including counsel fee of petitioners;

"That the said exceptions to the master's report of June 7, 1930 be and they are hereby overruled and the master's report be and the same is hereby confirmed;

"That the petitioners, George E. Belcher Company and J. Howard Leman, administrator c.t.a. of the estate of George E. Belcher, deceased, recover from the respondent Krentler-Arnold Hinge Last Company, for infringement of said Letters Patent, the sum of thirty-nine thousand five hundred and seventy-six dollars and twenty-six cents ($39,576.26) as profits made by the respondent from the sale of the said sliding link, and the sum of six thousand, one hundred and two dollars and seventy-two cents ($6,102.72) as counsel fees for services rendered from October, 1928 to and including April, 1930 on behalf of the petitioners in the prosecution of these contempt proceedings and the sum of three hundred and eighty-nine dollars and fifteen cents ($389.15) for expenses, said sums amounting to forty-six thousand and sixty-eight dollars and thirteen cents ($46,068.13), together with interest on said sum of forty-six thousand and sixty-eight dollars and thirteen cents ($46,068.13) from June 4, 1929, the date of the commencement of these contempt proceedings, to the date of entry of this order at the rate of 6 percent per annum amounting to three thousand, two hundred twenty-four dollars and seventy-six cents ($3,224.76), in all the sum of forty-nine thousand two hundred and ninety-two dollars and eighty-nine cents ($49,292.89)."

The Circuit Court of Appeals (Record, at page 306) reversed the decree of the District Court in so far as it awarded to the petitioners profits which the respondent

made by reason of the infringement. On this subject the Court of Appeals said:

> "But we are of the opinion that the District Court went far afield and exceeded its authority in decreeing that the complainants recover profits made by the respondent by the infringement of the Letters Patent. In *Gompers* v. *Buck Stove & Range Co.*, supra, and *Kreplik* v. *Couch Patents Co.*, supra, 190 F. at page 569, it was pointed out that the proper remedial relief for the disobedience of an injunction in an equity case is to impose a 'fine for the use of the complainant, measured in some degree by the pecuniary injury caused by the act of disobedience.' In other words, that the amount of the fine or remedial relief is to be governed largely by the pecuniary damage or injury which the act of disobedience caused the complainant. This pecuniary damage surely does not include profits which the defendant made by reason of the infringement. The item of profits should not have been allowed or taken into consideration in determining the remedial relief to which the complainants were entitled by way of fine or otherwise" (50 Fed. (2d) 699, at 706).

The Court of Appeals also disallowed such items of legal fees and expenses as did not relate to the prosecution of these contempt proceedings.

Upon a petition for rehearing on that part of the decision of the Court of Appeals denying the petitioners' right to recover respondent's profits in this contempt case the Court of Appeals, in an elaborate opinion reviewing the authorities (Record, p. 341), affirmed its previous decision (50 Fed. (2d) 707).

The Court summarized its conclusions by saying (Record, p. 349) "that a remedial fine in a contempt proceeding is to be based upon the pecuniary injury or damage which the

act of disobedience caused the complainant and such reasonable expenses as the act of disobedience occasioned through the bringing of the proceeding. It is to compensate him for his damage thus occasioned. It is not an attempt to restore to him the profits which he might recover in an equity suit for discovery and accounting where the sales were so conducted that the plaintiff could not be shown to have been thereby pecuniarily damaged."

The very form of the District Court's decree is the first thing which arrests the attention. It decrees that the petitioners "*recover* from the respondent Krentler-Arnold Hinge Last Company, for *infringement of said Letters Patent,* the sum of thirty-nine thousand five hundred and seventy-six dollars and twenty-six cents ($39,576.26) as *profits* made by the respondents," etc.

This final decree was entered following an interlocutory decree (Record, pp. 251, 252) referring the case to a Master "for the purpose of taking an account of the profits made by the Krentler-Arnold Hinge Last Co. . . ."

Yet this was a contempt case for violation of an injunction in which the sole remedy is punishment by fine or imprisonment (R.S. sec. 725).

Doubtless the decree may be construed, however inapt may be the language used, as a fine fixed by the amount of respondent's profits and payable to the petitioners. The Court of Appeals seems to have overlooked the form and treated it as in substance a remedial fine measured by profits; and we are not urging the form of the decree as fatal error. But the form indicates strongly that the lower court and the petitioners both lost sight of the nature of a contempt proceeding and assumed that this was a suit in equity for a discovery and accounting of respondent's profits made by infringement of patent. Of course it was no such thing. It was a contempt proceeding praying for *punishment* both for *civil* contempt and for *criminal* contempt (Record, p. 7). The wrong complained of was

violation of an injunction, and the action of contempt rests on the injunction, not on the petitioners' property right in a patent.

Before discussing the power of the court to award profits, as distinguished from petitioners' pecuniary losses (damages), in a contempt case, it may be in order to comment briefly on the nature of damages and profits.

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2. Distinction between Damages and Profits.

Whatever confusion may have existed in the early cases, the distinction between *damages* and *profits* in a patent case is now and has long been well settled.

Damages are the actual pecuniary losses which the owner of the patent has suffered by reason of the infringement, and are recoverable to indemnify the plaintiff for his injury whether or not the infringer has made a profit.

Profits are the gains which the infringer has made by unlawfully using the patented invention, and are recoverable as an incident to a bill in equity for an injunction whether or not the owner of the patent has suffered any pecuniary loss by reason of the infringement.

Coupe v. *Royer,* 155 U.S. 565.

Damages for patent infringement may be recovered by an action at law upon the case (R.S. sec. 4919). The remedy at law by action on the case for damages goes back to the first Patent Act of April 10, 1790, c. 7 (1 Stat. 109); and this provision has been carried forward into R.S. sec. 4919, now in force. It was not until the Act of July 8, 1870, c. 230 (16 Stat. 198), that the recovery of damages was permitted in a suit in equity for an injunction.

Prior to the Act of 1870 courts of equity, having jurisdiction to grant injunctions against infringement, had also

given the owner of the patent an accounting of the infringer's profits as an incident of the suit for injunction. The Act of 1870 (which has in substance been carried forward into R.S. sec. 4921, now in force) was therefore merely declaratory of the existing law in respect to an infringer's profits, but for the first time conferred on courts of equity the power also to give damages, which were previously recoverable only at law.

Thus damages for patent infringement may be recovered at law, irrespective of any other remedy or relief, or in equity as an incident to injunctive relief.

But it has been authoritatively decided by this Court that *a suit for a naked account of profits made by an infringer cannot be maintained, but that the profits of patent infringement can be recovered in equity only as an incident to other equitable relief, such as an injunction.*

Root v. *Railway Co.*, 105 U.S. 189.

The principle on which an infringer's profits are awarded to the owner of a patent is analogous to that which charges a trustee with profits acquired by wrongful use of the property of the *cestui que trust.* The infringer's position is analogous to that of a trustee *ex maleficio. Hamilton Shoe Co.* v. *Wolf Bros.*, 240 U.S. 251, at 259; *Tilghman* v. *Proctor*, 125 U.S. 136. No true trust exists, either actual or constructive, such as would support a bill in equity for a naked accounting of profits (*Root* v. *Railway Co.*, 105 U.S. 189), since there is no fiduciary relation between an infringer and the patent owner. An infringer is merely a tort-feasor. But when the court has acquired equity jurisdiction in a suit for other equitable relief (injunction), it may allow profits on the theory of a trust *ex maleficio,* or unjust enrichment.

Hamilton Shoe Co. v. *Wolf Bros. supra.*

3. Reasons Why Profits May Not be Included in a Fine for Contempt.

Turning now to the main question of awarding profits in a contempt case, the petitioners' argument in support of the recovery of profits appears to rest on the erroneous assumption that this contempt proceeding is a suit for patent infringement, and that the provisions of R.S. sec. 4921, apply to contempt proceedings.

Section 4921, in so far as it relates to the recovery of damages and profits, provides for and is limited to such recovery *in a suit in equity* for an *injunction* against patent infringement. It plainly does not create a right to recover profits in a contempt proceeding or in any other case than a bill in equity for an injunction. Not even in a bill in equity brought expressly for an accounting of profits may profits be recovered excepting as an incident to other equitable relief, such as an injunction.

Root v. *Railway Co.*, 105 U.S. 189.

The petitioners can therefore derive no support from the provisions of R.S. sec. 4921, and the question must be determined by other principles of jurisprudence.

Four reasons are urged why an award of respondent's profits in a contempt case should not be allowed.

(1) A contempt proceeding is not a *suit in equity*, much less a suit in equity for an injunction for infringement of patent under R.S. sec. 4921. Profits may only be recovered in a suit in equity as an incident to some other equitable relief.

(2) A contempt proceeding does not seek any *equitable relief* whatever. It seeks only *punishment* for disobedience of an injunction already granted. There is therefore no principal equitable relief asked, to which a discovery and accounting of profits is incidental.

(3) An award of profits involves a discovery and accounting from the party charged with a penal liability. Under the Fifth Amendment to the Constitution a man may not be required to be a witness against himself, by discovery or otherwise, in a penal action. An accounting of profits is therefore inappropriate in a contempt case, which is essentially penal.

(4) By the great weight of authority a remedial fine for contempt is limited to plaintiff's pecuniary losses.

Points (1) and (2).

Points (1) and (2) involve the nature of a contempt proceeding, and can best be discussed together.

A contempt proceeding is not a suit in equity, nor does it seek any equitable relief whatever.

The petitioners have obtained in the original equity suit all the equitable relief possible against a patent infringer, namely, a permanent injunction against infringement. The purpose of the contempt proceeding is not to obtain further equitable relief, but to punish the respondent for alleged violation of the injunction already obtained.

> "A contempt proceeding is *sui generis*. It is criminal in its nature, in that the party is charged with doing something forbidden, and, if found guilty, is punished. Yet it may be resorted to in civil as well as criminal actions, and also independently of any civil or criminal action." *Bessette* v. *W. B. Conkey Co.*, 194 U.S. 324, at 326.

Strictly speaking, a contempt proceeding is neither legal nor equitable, neither criminal nor civil. It is *sui generis*, and the classification of the case as civil or criminal cannot be definitely determined until sentence is pronounced. If the criminal aspect predominates, as when the punishment

is to vindicate the authority and dignity of the court, and the fine is payable to the United States or the imprisonment is solely punishment for disobedience, it then becomes a criminal case and is reviewed by writ of error. If the civil aspect predominates and the punishment is coercive or remedial, that is, if the fine is payable to the injured party litigant to reimburse him for his loss resulting from the contemptuous act, or the imprisonment is for the purpose of coercing the defendant to obey an order, it then becomes a civil case, and is reviewed by appeal. But no one can tell whether a contempt proceeding is criminal or civil, legal or equitable, until sentence is pronounced. In its commencement (and frequently also in its final judgment) it partakes of both characters. To be properly a suit in equity the character of the case as falling within the equity jurisdiction of the court must be ascertainable from the pleadings when the suit is begun. The character of a contempt proceeding is not determined until judgment, and then it becomes civil or criminal according to which aspect preponderates. Such a proceeding can hardly be deemed a suit in equity.

The mixed criminal and civil nature of contempts is fully discussed in *Gompers* v. *Bucks Stove Co.*, 221 U.S. 418. See also *In re Nevitt*, 117 Fed. 448, and *Kreplik* v. *Couch Patents Co.*, 190 Fed. 565.

If it be argued that this is a cause in equity because the right or title invoked by the petitioner is based on equitable relief, *i.e.*, an injunction, the answer is that the relief sought is not equitable relief, but *punishment*, and it is settled law that "To give a court of equity jurisdiction, the nature of the relief asked must be equitable, even when the suit is based on an equitable title" (*Fussell* v. *Gregg*, 113 U.S. 550, 554).

The power to punish for contempt is inherent in all courts; but the power of the Federal courts in the matter of punishment is prescribed by R.S. sec. 725:

> "the said courts shall have power . . . to punish, by fine or imprisonment, at the discretion of the court, contempts of their authority, . . ."

This has been held to be a limitation upon the manner in which the power to punish may be exercised, and to be a negation of all other modes of punishment.

Ex parte Robinson, 19 Wall. 505.

No other judgment may be rendered by the Federal courts in a contempt case than a sentence by way of fine or imprisonment. Surely punishment in a penal action by fine or imprisonment for disobedience of previously obtained equitable relief in the form of an injunction can scarcely be considered equitable relief in a suit in equity, on which to hang a prayer for discovery and accounting as an incident.

What the petitioners are really trying to do in this case is to maintain a suit in equity for a discovery and accounting of profits. A suit for a naked accounting is precisely what this Court has held cannot be maintained. *Root* v. *Railway Co.,* 105 U.S. 189. Nor will it avail the petitioners to argue that the case is brought within the principle of *Root* v. *Railway Co.* on the ground that the accounting asked is incidental to the punishment, for the reason that punishment by fine or imprisonment is not an "equity" or "equitable relief," and under the doctrine of *Root* v. *Railway Co.* profits may be recovered only when "incidental to some other equity." Punishment for contempt is not an equity, nor is it peculiar to equity jurisdiction. It is a power inherent in every court, of law or equity, civil or criminal. It is a function of *courts,* not of *equity.*

Moreover, it would be fantastic to argue that the profits sought in this contempt case are "incidental" to anything. Apart from the expense of the prosecution and the interest item, the profits were the sole object of the proceeding and the sole measure of the fine.

It is therefore confidently maintained that profits, which are recoverable only on the analogy to a trustee's liability for misuse of trust property and only in a suit in equity as an incident to some other equity, may not be recovered in a contempt proceeding, because a contempt proceeding is not a suit in equity, nor does it seek equitable relief.

Point (3).

(3) Another difficulty with allowing a discovery and accounting of profits in a contempt case is that a contempt case is *penal,* and a man may not be required to be a witness against himself, by discovery or otherwise, in a penal section.

Boyd v. *United States,* 116 U.S. 616.

There can be no doubt that contempt is penal whether the punishment is imposed as a coercive and remedial measure or purely as a punitive measure. The punishment sought is fine or imprisonment, and the only judgment which a Federal court can enter in a contempt case is one of punishment by fine or imprisonment (R.S. sec. 725). In the present proceeding the petition prayed for *punishment* both for *civil* and for *criminal* contempt (Record, p. 7); and the proceeding was none the less penal in its nature even though the entire fine was ultimately ordered to be paid over to the petitioners.

Profits, in their very nature, can be ascertained only by a discovery and accounting from the defendant; and the defendant is the very person charged with a penal liability. This objection does not apply where the plaintiff can prove what actual pecuniary losses he has sustained by reason of the contemptuous act without making the respondent a witness, but there is no way he can prove the respondent's profits except by a discovery from the respondent. In the

present case the petitioners prayed for a discovery of profits as a part of their prayer for punishment (Record, p. 7). The lower court decreed to the petitioners the respondent's profits, and referred the case to a Master to take an account (Record, p. 252). The Master issued an order pursuant to the decree requiring the respondent to make and file a sworn statement of account (Record, p. 254); and the court by final decree (Record, p. 282) awarded to the petitioners the profits found by the Master, namely, $39,576.26 with interest.

The case was clearly a suit for a discovery and accounting of profits in a penal action.

It is no answer to the principle under discussion to say that the safeguards of the Fifth Amendment to the Constitution against requiring a man to be a witness against himself in a penal action apply only to individuals, and do not protect a corporation against discovery in a penal action.

Hale v. *Henkel,* 201 U.S. 43.

Contempt proceedings are of general application both to natural persons and to corporations. There can be no doubt that in a contempt proceeding to punish an individual a discovery of profits to fix the amount of the penalty would be repugnant to the Fifth Amendment. *Boyd* v. *United States,* 116 U.S. 616. In other words, defendant's profits could not be included in the fine. This shows the inappropriateness and impropriety of attempting to fix a fine for contempt by a discovery of defendant's profits. No reason is apparent why the rule governing the proper amount of the penalty for contempt of court should be different in a proceeding brought against a corporation and a proceeding brought against an individual. Suppose that John Smith, an individual, violates an injunction against infringement, and by so doing makes a profit of $100,000; and that the petitioner's pecuniary loss resulting from the contempt is only $100. John Smith is found guilty of contempt and is fined $100,

payable to the petitioner as full indemnity for the petitioner's pecuniary loss resulting from the violation of the injunction. Nothing in the way of profits can be included in the fine payable to the petitioner. If John Smith happens to have incorporated his business as John Smith, Inc., all the other facts and circumstances being identical, why should John Smith, Inc., be fined $100,000? It would be absurd to permit two such widely different rules for fixing the amount of the remedial fine in a contempt case, depending merely on the form in which the offender happens to do business, all other facts being the same.

What the court is concerned with is the offense, and not the character of the offender.

There should be a uniform and consistent principle governing the practice of District Courts in the fixing of fines payable to the injured parties for contempt, and this should be determined by the nature of contempt proceedings and the principles which are applicable to all contempt proceedings alike, irrespective of the accidental circumstance that one offender may be a natural person and another an artificial person. A remedial fine to reimburse the petitioner for his pecuniary loss is of universal application regardless of the technical legal status of the offender. And we submit that, by a long line of decisions, the practice of the courts dealing with contempts may be said to have crystallized into a rule of law limiting the amount of a remedial fine to the pecuniary losses of the party damaged by the contempt.

It is settled practice that punishment in a civil contempt case may be by fine payable in whole or in part to the petitioner to indemnify him for his pecuniary losses, including the expenses of the contempt proceedings, resulting from the contemptuous act. A remedial fine measured by the petitioner's pecuniary loss resulting from the contemptuous act is capable of proof without discovery from the defendant and is applicable alike to natural persons and to corporations.

Diligent search has failed to reveal any decision, where the question was considered and passed upon, allowing the inclusion in the fine payable to the petitioner of profits or any award other than reimbursement for the petitioner's pecuniary loss and expenses; and it is submitted that both in principle and on authority remedial fines in contempt cases are limited to the petitioner's actual pecuniary loss.

Point (4).

Authorities.

Gompers v. *Bucks Stove & Range Co.*, 221 U.S. at 443, 444:

"In this case the alleged contempt did not consist in the defendant's refusing to do any affirmative act required but rather in doing that which had been prohibited. The only possible remedial relief for such disobedience would have been to impose a fine for the use of complainant measured in some degree by the *pecuniary injury* caused by the act of disobedience."

Kreplik v. *Couch Patents Co.*, 190 Fed. at 568:

"It appears then that the Circuit Court provided compensation to the petitioner for the *losses it had suffered* by reason of Kreplik's act of contempt."

(At page 569:) "The court holds that the proper remedial relief for a disobedience of an injunction in the equity cause before it would have been to have imposed a fine for the use of the complainant measured in some degree by the *pecuniary injury* caused by the act of disobedience.

"The true aspects of contempt proceedings have often been before the Circuit Court in this Circuit where it has been clearly recognized that in an equity cause a

fine for contempt imposed for the use of the petitioner is not a punitive fine but merely *indemnity to the petitioner for the loss* occasioned to him by the offensive acts of the defendant."

Macauley v. *White Sewing Machine Co.*, 9 Fed. 698:

"But the company must pay a fine of $250.00 which will go to the plaintiff toward his expenses and counsel fees about this motion. The profits and damages from the infringement involved in the violation will remain to be accounted for in the suit."

Robinson v. *S. & B. Lederer Co.*, 146 Fed. 993, at 994:

"I am of the opinion that, while the penalty should be such as will induce greater carefulness in the future, it should be measured by the amount of *damage which the complainant has sustained* through the defendant corporation's disobedience, together with the cost and legal expenses incurred by the complainant upon this application."

Victor Talking Machine Co. v. *Leeds & Catlin Co.*, 150 Fed. 147, at 147, 148:

"Nor is the advice of counsel a sufficient excuse, although, where it has been honestly relied upon, a heavy penalty will not usually be imposed, but only a sum sufficient to *reimburse the moving party* and act as a deterrent from future infringing actions.

"Defendant is found in contempt and fine imposed of $1000.00, one-half to the United States and one-half to the complainant."

In re De Forest Wireless Telegraph Co., 154 Fed. 81, at 82:

"By such violation of such injunction the complainants have sustained *damages to their business and in prosecuting the proceedings for contempt* viz: loss of sales, etc., at least $6000, expenses $9052.04, counsel fee $250.00. Part of expenses of stenographer, etc. in this proceeding $320.00 and fees of the Master are $300.00, in all, $15,922.04. This sum, $15,922.04, is fixed as the amount of the fine to be imposed and which is imposed for the contempt."

Frank F. Smith Co. v. *Yates*, 244 Fed. 793, at 794, 795:

"I shall not, however, hold the defendant as for a criminal contempt but shall limit the order to be made against him as was done in the case of *Proudfit Looseleaf Company* v. *Kalamazoo Looseleaf Binder Company*, 230 Fed. at pages 132-134, 134 C.C.A. 418 to a *reimbursement of complainant's damages, costs and expenses* including any *damages* on account of sales of the infringing device." Affirmed by Circuit Court of Appeals, Second Circuit.

Proudfit Loosleaf Co. v. *Kalamazoo Looseleaf Binder Co.*, 230 Fed. at 132:

"The order in the instant case provided that one-half the fines imposed be paid to complainant as reimbursement for its *damages, costs and expenses* in the contempt proceedings including *damages* on account of the sale of the infringing binders in violation of the orders of the court."

Cheatham Electric Switching Device Co. v. *Transit Development Co.*, 261 Fed. at 796:

"Contempt is not to be regarded as a source of revenue or additional damages to a complainant. A civil contempt such as this results in *reimbursing complainant* not for infringement, as to which he may seek damages and profits before a Master, but *for losses and expenses* to which he is subjected by the offender's contumacious conduct. This record shows no loss of any kind to plaintiff by reason of defendant's delay in disconnecting the aforesaid apparatus and its expenses were reasonably covered by the $150.00."

A. B. Dick Co. v. *Fuller*, 6 Fed. (2d) at 398, 399:

"As the defendant has very deliberately violated the injunction, he should be adjudged in contempt, and ordered to pay within 30 days to the complainant, as a fine, a sufficient sum to *make good its damages* arising out of the unlawful sales of stencil paper, *as well as its expenses* in enforcing the disregarded order of the court. *Board of Trade* v. *Tucker* (D.C.), 221 F. 300; In re *Kahn*, 204 F. 581, 123 C.C.A. 107; *Gompers* v. *Buck's Stove Company*, 221 U.S. 418, 31 S. Ct. 492, 55 L. Ed. 797, 34 L. R. A. (N.S.), 874. The foregoing cases indicate the proper practice, and also discuss the theory in proceedings like the present for a civil contempt. A counsel fee of $500, and the sum of $25, as estimated *damages* caused by the sale by defendant of 1600 sheets of stencil paper, will be the amount of the fine. The complainant is entitled to tax its costs and taxable disbursements in this proceeding. The fees and disbursements of the master are fixed at $254.08. If there is any criticism of the sum of $25, estimated damages for the infringing sales, it may be submitted in writing upon the settlement of the order. It seems more sensible to

estimate this damage than to have the expense of a further reference."

Christensen Engineering Co. v. *Westinghouse Air Brake Co.*, 135 Fed. at 782:

"It is obvious that a fine exceeding the *indemnity* to which the complainant is entitled is purely punitive and, notwithstanding the foregoing precedent to the contrary, we think that when it is imposed by way of *indemnity* to the aggrieved party, it *should not exceed his actual loss incurred by the violation of the injunction including the expenses of the proceedings* necessitated in presenting the offense for the judgment of the court. We are also of opinion that when the fine is not limited to the taxable costs *it should not exceed in amount the loss and expenses established by the evidence* before the court. Unless it is based upon evidence showing the amount of the loss and expense, the amount must necessarily be arrived at by conjecture and in this sense it would be merely an arbitrary decision."

Norstrom v. *Wahl*, 41 Fed. (2d) at 914:

"Under the state of the record we believe the court was entitled to impose a penalty for the civil contempt only, measured by the *reasonable loss and damage* which accrued to appellee by reason of the contemptuous acts of the appellant. One element of such damages would be appellee's costs and attorney's fees, matters such as courts are often called to pass upon even in the absence of opinion evidence as to amount."

In the foregoing cases the items proper to be included in a remedial fine were defined as the plaintiff's *actual pecuniary losses*, and the *expenses* of the contempt proceedings.

In the following cases the fines were limited to the *expenses and costs* of the contempt proceedings:

Burr v. *Kimbark*, 29 Fed. 428.
Bate Refrigerating Co. v. *Gillett*, 30 Fed. 683.
Norton et al. v. *Eagle Automatic Can Co.*, 59 Fed. 137.
Stahl v. *Ertel et al.*, 62 Fed. 920.
Bowers v. *Pacific Coast Dredging & Reclamation Co. et al.*, 99 Fed. 745, 758.
Cary Mfg. Co. v. *Acme Flexible Clasp Co.* (C.C.A. 2d, May 14, 1901), 108 Fed. 873.
Paxton et al. v. *Brinton et al.*, 126 Fed. 542.
Diamond Drill & Machine Co. v. *Kelley Bros. & Spielman*, 132 Fed. 978.
Rushmore v. *Motor Car Equipment Co.*, 170 Fed. 189.
Queen & Co. v. *Green*, 170 Fed. 611.
Campbell v. *Magnet Light Co.*, 175 Fed. 117.
Gillette Safety Razor Co. v. *Wolf*, 180 Fed. 776.
New Jersey Patent Co. v. *Martin*, 186 Fed. 513, 517.
Wire Rope Appliance Co. v. *Eureka Tool Company of Kansas*, 256 Fed. 677, 679.
Union Tool Co. v. *United States et al.* (C.C.A. 9th, 1920), 262 Fed. 431, 434.

In *Dowagiac Manufacturing Co.* v. *Minnesota Moline Plow Co.*, 124 Fed. 736, at 738, the Court declines even to allow the plaintiff's losses in a fine for civil contempt, saying:

"The complainant does not seem to insist upon punishment to any extent upon this application, but claims that the court ought to compensate the complainant for losses and expense that it has been put to by reason of the conduct of the defendant. As far as compensation

goes, I think that must be sought in the accounting which will follow this decree, and that the complainant is entitled to nothing more. I do not understand that the office of a proceeding for contempt ordinarily, or in a case of this kind, is to compensate the party complaining for any injury that he has sustained by reason of acts of the defendant which constitute the contempt. If he has a legal right to recover on account of these acts, it must be in some other procedure. I do not think the object of contempt proceedings is to obtain damages from one party for the use of the other. Parties cannot recover damages they have sustained in this summary manner ordinarily. They must be recovered in an ordinary proceeding. If there are any precedents for recoveries of this kind, I am not familiar with them, and none have been cited which convince me that such is the proper proceeding."

In the *Dowagiac* case the contempt was brought before the accounting in the main case for violation of an interlocutory order; consequently it was still open to the plaintiff to obtain his compensation in the regular accounting. The case was affirmed by the Court of Appeals without opinion in 129 Fed. 1005.

Similarly in *Monroe Body Co.* v. *Herzog,* 13 Fed. (2d) 705, at 706 (C.C.A. Sixth Circuit), the contempt proceeding was brought for violation of an interlocutory order pending the accounting. The lower court imposed a fine to be paid the United States and also a penalty to be paid to the plaintiff (amount not stated). Apparently the private penalty included only such items of expense and loss as could not be recovered in the pending accounting, for the Court of Appeals held:

"The specific objection against the imposition of the private penalty is that it was made additional to the

damages and profits that might be recovered in the pending accounting and was not to have any effect upon such accounting. We see no objection to this. A private penalty of this kind is imposed not to compensate for assessable damages and profits, but with reference to those items of damages which are not thus assessable."

Upon rehearing the Court of Appeals vacated that part of the fine which was payable to the United States (18 Fed. (2d) 578).

In only three reported cases, so far as we can discover, have profits been included in a private penalty for contempt, and in none of these three cases has the question been raised or decided.

In *Searls* v. *Worden*, 13 Fed. 716, an interlocutory decree and injunction had been entered restraining the defendant from infringing the plaintiff's patent for whip sockets. Contempt proceedings were brought and, the defendant having been adjudged guilty, the court imposed a fine equivalent to the "profits" made by the defendant and costs and expenses of the complainant. After final decree in the equity suit the Supreme Court reviewed the final decree and the interlocutory decree in the contempt proceeding. It was held that the complainant's patent was invalid. *Worden* v. *Searls*, 121 U.S. 14. It was further held that the complainant's right to a fine, if it existed at all, was founded on his right to the injunction, and that was founded on the validity of the patent; and as the patent was invalid, the preliminary injunction was unwarranted and the fine could not be upheld. The final decree and the contempt orders were reversed and the case remanded with directions to dismiss the bill, but "without prejudice to the power of the Circuit Court to punish the contempt referred to in those orders, by a proper proceeding". (121 U.S. at 27). Since the remedial fine was vacated, "proper proceeding" could only mean criminal contempt, as by fine payable to the

United States for disobedience to the orders so long as they remained in force. The question of including profits as such in a private penalty was not raised nor discussed nor decided, and as the remedial fine was set aside the case is certainly no authority for the inclusion of profits in a remedial fine. Moreover, it appears from the report of the lower court's decision (13 Fed. 717) that the lower court in including "profits" in the fine was proceeding on a practice analogous to that provided for in a state statute whereby, "if an *actual loss or injury* has been produced to any party," the court may include in the fine a sufficient sum to "*indemnify* him, and to satisfy his costs and expenses." The court evidently regarded "profits" as the measure of the plaintiff's damages and supposed that he was fixing the fine by the actual pecuniary loss and expenses. Whatever may have been the rule in ancient times, it is now settled that defendant's profits are not the measure of plaintiff's damages.

Coupe v. *Royer*, 155 U.S. 565.

In *Gordon* v. *Turco-Halvah Co.*, 247 Fed. 487, a contempt case, the Master had included defendant's profits of $2129.70, as well as plaintiff's charges and disbursements in the contempt proceeding of $700.92, and a counsel fee of $750, "making in all *damages* of $3,580.62." The District Court modified the amount of the counsel fee and entered an order in the sum of $2784.16, "for which execution was directed to issue."

The appeal from this order raised the question of infringment. The propriety of including profits as such in the order, if they really were profits rather than damages, was not raised or decided either in the lower court or in the Court of Appeals. The Court of Appeals affirmed the order with minor corrections of the figures.

In *McKee Glass Co.* v. *H. C. Fry Glass Co.*, 248 Fed. 125, the trial court imposed a penalty, payable to the plaintiff, for contempt, including four items: defendant's profits; royalty

on defendant's sales; complainant's expenses and costs; and additional compensation for complainant's injury. On appeal the defendant waived all objection to the items of profits and expenses and pressed only the objection to the additional compensation item and the royalty item. Consequently the question of the propriety of including profits in the fine was neither raised nor decided.

Part III.

Reasonable Royalty.

The "Second Question" presented by the petitioners (Petitioners' Brief, pp. 30-37) relates to the "Reasonable Royalty Rule," and asks that the case be recommitted to permit proof of damages on the basis of reasonable royalty, if the profits are disallowed.

The petitioners' claim to reasonable royalty as a basis for fine is for the first time asserted in this Court.

They admit that no proof of damages on the basis of reasonable royalty was offered at trial (Petitioners' Brief, p. 36); and an examination of the record will show that the petitioners advanced no claim to damages of any kind excepting the legal expenses of prosecuting the contempt proceedings, but confined their proofs strictly to the respondent's profits.

The petitioners suffered no pecuniary injury or loss whatever from the infringement. There was no competition between the parties (Court of Appeals' decision, Record, p. 293). The petitioners lost no sales and lost no profits because of the respondent's infringing sales.

> "But they failed by either of these methods [showing pecuniary damage from the infringing sales or a reasonable royalty] to show that they were pecuniarily injured and neither the master nor the court found that they suffered any damages" (Court of Appeals, Record, p. 349).

The respondent sold the new "sliding link" hinge, not to petitioners' customers in competition with petitioners, but only to respondent's own regular customers who had been its customers for the "B B" hinge before the introduction of the "sliding link"; and after the discontinuance of the "sliding link," as a result of the contempt decision, the respondent again filled the requirements of its same customers with the old "B B" hinge (Record, p. 277). This shows conclusively that the respondent's customers would not have bought the petitioners' hinges but for the infringement, because in fact they did not. Nor did the petitioners grant licenses, from which damages could be assessed on the basis of an established royalty. There was no invasion of the petitioners' trade and the petitioners suffered no hurt or injury.

The complete answer to the petitioners' belated claim to reasonable royalty is that no such claim was ever made and no evidence was ever offered as a basis for an assessment. The petitioners are now asking to have the case sent back to be tried over again on a totally new theory of recovery.

In *Dowagiac Mfg. Co.* v. *Minnesota Plow Co.*, 235 U.S. 641, the Court, after clearly stating the principle of reasonable royalty as a basis for assessing damages, said (p. 650):

> "But, although the plaintiff was entitled to prove what would have been a reasonable royalty, and thereby to show a proper basis for an assessment of damages, no proof upon that subject was presented. . . .
>
> "Ordinarily what has been said would lead to an affirmance of the decrees below. But there are special reasons why a final disposition of the cases should not be made upon the present record at this time."

The special reasons (p. 651) were that—

> "the hearings before the Masters were had prior to the decision in *Westinghouse Co.* v. *Wagner, supra* [225

U.S. 615], at a time when the decisions bearing upon the apportionment of profits, as also upon the admeasurement of damages, were not harmonious; and this resulted in the evidence being so imperfectly presented as not to afford the data requisite to a final adjustment of the matters in controversy according to their merits."

In the present case no such "special reasons" exist for permitting the case to be reopened to permit the petitioners to prove, if they can, what would be a reasonable royalty. The case of *Westinghouse Co.* v. *Wagner* had been decided long prior to the present case, as had the case of *Dowagiac Mfg. Co.* v. *Minnesota Plow Co.*, 235 U.S. 641, which lays down with perfect clarity the theory of damages on the basis of reasonable royalty for the guidance of all litigants. The law of reasonable royalty was in no unsettled or doubtful or conflicting condition, and if the petitioners believed that they could establish proof of reasonable royalty, they had their opportunity to do so.

The admeasurement of damages on the basis of reasonable royalty has certainly never been in any doubt since the decision of *Dowagiac Mfg. Co.* v. *Minnesota Plow Co.* in 1915, and since the petitioners have elected to waive their claim for damages and to proceed only on their claim for profits, it can only be presumed they realized that a recovery on the basis of reasonable royalty would have been only nominal, and chose to stake everything on the large claim for profits. The measure of a reasonable royalty is the value of that part of the property (the patented invention) tort[illegible]ly taken (by infringement). The petitioners were aware that the respondent's non-infringing last hinges were fully equal to the infringing hinges, both commercially and mechanically. The same purchasers accepted either form with apparent indifference (Record, p. 277). The property

taken (the use of the patented invention) therefore had no monetary value on which to base anything more than nominal damages. Whatever may have been their reason, the petitioners did waive damages and did elect to proceed for profits. They had their day in court, they made their case as they chose to make it, and there is no reason why they should now be allowed to start afresh on a different theory of recovery merely because they failed to get profits.

The case thus presents no "special reasons" growing out of an uncertain state of the law for trying the case over again on a new theory. It is the ordinary case where, after a final decision against the claim presented for adjudication, the plaintiff should not be permitted to have another day in court on the same state of facts for the purpose of recapturing an abandoned claim.

> "Ordinarily what has been said [*i.e.*, no proof presented on reasonable royalty] would lead to an affirmance of the decrees below." *Dowagiac Mfg. Co.* v. *Minnesota Plow Co.*, 235 U.S. at 650.

The present case is the ordinary case for final disposition on the present record.

Again, neither the Master nor the District Court nor the Court of Appeals passed upon, or was asked to pass upon, the question of reasonable royalty. It was not presented by the petitioners for decision, and all that the Court of Appeals said about it was *obiter*, and was contained in the following passage of the opinion on rehearing (50 Fed. (2d) at 711):

> "If the plaintiffs in this case had been able to prove . . . what would have been a reasonable royalty for the use of their patent and that they had lost the same through the defendant's conduct, they could have estab-

lished a case for the allowance of damages arising out of the infringing sales."

There is certainly nothing in this *dictum* to be reviewed on certiorari. The court did not decide what was meant by the qualification "that they had lost the same through the defendant's conduct," because the court was not called upon to decide anything on the subject of reasonable royalty. There was simply no proof at all offered on the subject.

Nor is there any reason to infer that the above-quoted *dictum* of the Court of Appeals is in any way inconsistent with the principles laid down in *Dowagiac Mfg. Co.* v. *Minnesota Plow Co., supra.* The principle underlying that decision is that the exclusive right conferred by the patent is property, that infringement is a tortious taking of a part of that property, that the measure of damages is the value of what is taken, and that it is permissible to show the value by proving what would have been a reasonable royalty, considering the nature of the invention, its utility and advantages, etc. In short, the plaintiff must prove the value (determined by reasonable royalty) of that part of his property (the patent) which he has lost by the defendant's tortious taking. There is nothing inconsistent with this in the *dictum* of the Court of Appeals to the effect that a plaintiff must prove that he has lost a reasonable royalty [*i.e.* the value of that part of his patent property wrongfully taken] through the defendant's conduct.

But whether the *dictum* was right or wrong, nothing was presented or decided below on the subject of reasonable royalty, and nothing is open on that subject for review here.

Only decisions, not *dicta,* are reviewable by certiorari.

The views of the Court of Appeals on the reasonable royalty rule, whatever they may have been, were not necessary to the decision of the case made by the petitioners, which presented only the question of including profits in a fine for contempt.

But if the *dictum* of the Court of Appeals were open for review, we would point out that the inclusion of a reasonable royalty in a fine for contempt is open to one at least of the objections to the inclusion of profits, namely, that proof of a reasonable royalty involves a discovery from the defendant in a penal action of the number of articles made or sold in violation of the injunction as a basis for fixing the fine measured by a reasonable royalty.

Moreover, damages on the basis of a reasonable royalty do not represent any actual pecuniary loss which the plaintiff has suffered, and the authorities all agree that a remedial fine for contempt should be limited to the actual pecuniary loss which the plaintiff has suffered by the violation of the injunction.

There is a sound distinction between a *pecuniary injury* or hurt—an actual out-of-pocket loss—resulting from a violation of an injunction, and a *revenue* (reasonable royalty) from the respondent's mere *use* of the petitioners' intangible property in a patent. The former may properly be included in a fine for contempt; it represents the loss of money or property which the petitioners actually had in hand and which the respondent took away. But the latter, reasonable royalty, does not represent money or property actually in petitioners' possession and taken away from them, but only *revenue* or income for the *use* of their property (the patent); they still have their property intact. Recovery of such revenue for the unauthorized use of the patent property must, like the recovery of profits, be had in an appropriate action.

> "*Contempt is not to be regarded as a source of revenue or additional damages to a complainant.* A civil contempt such as this results in *reimbursing complainant not for infringement*, as to which he may seek damages and profits before a master, *but for losses and ex-*

penses to which he is subjected by the offender's contumacious conduct."

Cheatham Electric Switching Device Co. v. *Transit Development Co.*, 261 Fed. at 796.

Part IV.

The Petitioners' Proper Remedy.

The petitioners' brief makes a specious appeal to the sense of fairness, or charity, of this Court, complaining that, if the respondent's position is upheld either on the point that the District Court of Massachusetts has no jurisdiction over this non-resident respondent or on the point that the profits of a patent infringement cannot be collected in a contempt proceeding, the petitioners will be deprived of all adequate and reasonable remedy for the alleged continuing infringement following the Massachusetts injunction.

This is a complete *non sequitur*. The petitioners' plain remedy is to bring their suit for the new infringement, or their suit on the Massachusetts decree, in the forum having proper jurisdiction of respondent, and having power to entertain a bill for a discovery and accounting of profits and power to enforce its orders—in this case the District Court of the United States for the Eastern District of Michigan, where the respondent is domiciled. In such case the rights of the parties, in so far as they have been determined by the Massachusetts Court, would be *res adjudicata*. If the Michigan Court should hold the new "sliding link" hinge to be an infringement, an injunction and accounting of profits would follow as a matter of course, and the respondent would be within the jurisdiction of the court to be dealt with in all matters pertaining to contempt and the enforcement of a money recovery.

The respondent's contention is by no means that the petitioners are without adequate remedy, but that they have pursued a wrong remedy in a wrong court instead of following the plain, direct and lawful remedy which always has been and still is open to them.

ROBERT CUSHMAN,
OTTO F. BARTHEL,
PETER R. POCOCK,
Appearing specially for the Respondent.

January, 1932.